RELATED PARTY TRANSACTIONS POLICY

1. Introduction

The Board of Directors (the "Board") of **VERTEX SECURITIES LIMITED** (the "Company"), adopts the following policy and procedures with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 (the "Act") and Rules made thereunder and any subsequent amendments thereto and SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015("Listing Regulations"), to ensure the transparency and procedural fairness of Related Party Transactions.

2. Purpose

This policy aims to chart out procedures to ensure that the transactions with related parties are fair.

This policy intends to ensure the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This policy shall supplement the Company's other policies in force that may applicable to or involve transactions with related persons.

This Policy shall be effective from **1st December, 2015**

3. Definition

- ***"Audit Committee or Committee"*** means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

- ***"Board"*** means Board of Directors of the Company.

- ***"Control"*** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011.

- ***"Key Managerial Personnel"*** means Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole Time Director;
ii. Company Secretary;
iii. Chief Financial Officer.

- ***"Material Related Party Transactions"*** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- ***"Policy"*** means Related Party Transactions Policy.

- ***"Related Party"*** means related party as defined in Regulation 2 of the Listing Regulations which is as follows:

  A "related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

  A related party under Section 2(76) of the Companies Act, 2013 is as follows:

i. a director or his relative ;
ii. a key managerial personnel or his relative ;
iii. a firm, in which a director, manager or his relative is a partner ;
iv. a private company in which a director or manager is a member or director;
v. a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
vi. any body corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
vii. any person under whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clause (vi) and (vii) shall apply to the advice, Directions or instructions given in professional capacity;

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viii. any company which is –

A. a holding, subsidiary or an associate company of such company:

Or

B. a subsidiary of a holding company to which it is also a subsidiary:

ix. Director or key managerial personnel of the holding company or his relative with reference to a company.

➢ ***"Related Party Transactions"*** means any transactions directly or indirectly involving any Related Party which is transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged. It refers to transactions/ Contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

- ***As per Section 188 of the Companies' Act, 2013:***
  - Sale, purchase or supply of any goods or materials;
  - Selling or otherwise disposing of, or buying, property of any kind;
  - Leasing of property of any kind;
  - Availing or rendering of any services;
  - Appointment of any agent for purchase or sale of goods, materials, services or property;
  - Such related party's appointment to any office or place of profit in the Company,
  - It's subsidiary Company or associate Company; and
  - Underwriting the subscription of any securities or derivatives thereof, of the Company;

- ***As per the Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015:***
  - Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

- ***As per AS 18:***
  - Transfer of research and development;
  - License agreements;
  - Finance (Including loans and equity contributions in cash or kind)
  - Guarantees and collaterals;
  - Management contracts including for deputation of employees.

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- ***"Relative"*** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –
    - They are members of a Hindu Undivided Family;
    - They are husband and wife; or
    - Father (including step-father)
    - Mother (including step-mother)
    - Son (including step-son)
    - Son's wife
    - Daughter
    - Daughter's husband
    - Brother (including step-brother)
    - Sister (including step-sister)

4. Policy

4.1 Identification

- ***Responsibility of Directors and KMP's:***
  Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transactions involving him or her or his or her relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

    - ***Time Line:*** The Company strongly prefers to receive such notice of any potential Related Party Transactions well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction. Every director or key managerial personnel shall, within a period of thirty days of his appointment of his office in other companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in other associations.

- ***From the Transfer Pricing Perspectives:*** The related parties as defined under the Income Tax Act, 1961 shall also be determined by the legal/ Finance Team in accordance with the relevant sections of the Act.

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4.2 Review

- Audit Committee /Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- Audit Committee to be provided with all relevant information for review:
  - terms of the transaction,
  - business purpose of the transaction, and
  - any other relevant matters
  - Guidance will be sought under the guidelines for transfer pricing as per the Income Tax Act, 1961.
  - Whether the transaction affects the Independence of any Independent director;
  - Whether there are any compelling business reasons for the Company to enter into the Related Party Transactions and the nature of alternative transactions, if any;
  - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
  - Whether prior approval of the Company was taken for the transaction; if proper approval was not taken, can the transaction be ratified; would such ratification be detrimental to the Company;
    - *In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.*
  - Whether the Related Party Transaction would present an improper conflict of interest for any director of Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive officer or other Related Party, the direct or indirect nature of the director's, key managerial personnel's or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Committee deems relevant.

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4.3. Approval

- All Related Party Transactions shall require ***prior approval*** of ***Audit Committee.***
- Further, all Material Related Party Transaction as defined in Clause 3 above shall require ***approval of the shareholders*** through ***Special Resolution*** even if they meet the twin test of arm's length and ordinary course of business.
- Related parties shall abstain from voting on such resolutions.

4.4. Transactions Not Requiring Approval:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

a. Any transaction that involves the providing compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
b. Any transaction which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. Communication of this Policy:

This Policy will be communicated to all operational and other concerned persons of the Company.

6. Maintenance of Registers:

The Company shall keep and maintain a register, either physically or electronically giving separately the particulars of all contracts or arrangements to which Section 188 of the Companies Act, 2013 applies. If Section 188(1) is not applicable because of the exception under the third provision to section 188(1) i.e. transaction with related party at arm's length basis and in the ordinary course of business, the requirement regarding entries in the Register under section 189 of the Companies Act, 2013 would not apply and hence no entries in the register would be necessary.

The Company shall maintain such register in the Registered Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment

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of such fee as may be specified in the Articles of the Company but not exceeding ten rupees per page.

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary / Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

7. Disclosure:

- Details of all material transactions with related parties are to be disclosed quarterly along with the Compliance report on Corporate Governance.

- The Company shall disclose the contract or arrangement entered into with the Related Party in the Board Report to the Shareholders along with the justification for entering into such contract or arrangement.

- The Company shall disclose this policy relating to Related Party Transactions on its website and also in the Annual Report.

8. Amendment:

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy of Related Party Transactions must be consistent with the Companies Act, 2013, including the Rules promulgated there under and the applicable regulations of the Listing Regulations.

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